

<b>Guide for Review of Individual CDBG-Funded Rehabilitation Activities</b>			
<b>Name of Program Participant:</b>			
<b>Staff Consulted:</b>			
<b>Property Address:</b>		<b>Project/Application/ Identifying Number:</b>	
<b>Application Type (Loan, Grant, etc.):</b>			
<b>Name(s) of Reviewer(s)</b>		<b>Date</b>	

**NOTE:** All questions that address requirements contain the citation for the source of the requirement (statute, regulation, NOFA, or grant agreement). If the requirement is not met, HUD must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements, but are included to assist the reviewer in understanding the participant's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a "**finding**."

**Instructions:** Complete this Exhibit for each rehabilitation project or activity selected as part of the monitoring review. The Exhibit is divided into eight sections: Eligibility; National Objective; Rehabilitation of Multi-Family Housing; Rehabilitation of Rental Housing; Property Inspection; Rehabilitation Management; Rehabilitation Processing Procedures; and Other Requirements. HUD reviewers should select an appropriate sample (either randomly or judgmentally selected). Irrespective of the sampling type, consideration should be given to:

- the type of rehabilitation undertaken by the program participant, e.g., owner-occupied; investor-owned; multi-family; single family; mixed use; non-residential;
- completed, in-progress, and denied cases;
- properties that were substandard prior to rehabilitation and were brought up to standard with CDBG funds;
- cases for which the Field Office received a recent formal complaint.

If this program participant's overall rehabilitation program is being reviewed as part of the monitoring, conclusions reached in the individual file reviews conducted using this Exhibit should be used to support determinations made under Exhibit 3-10, "Guide for Review of CDBG-Funded Rehabilitation Program Management." When reviewing larger programs, it may be necessary to either increase the sample size or select a random sample in order to support conclusions about the program participant's performance as a whole.

**On-Site or Remote Property Inspections.** Because housing rehabilitation has been identified as a high risk CDBG activity, emphasis should be placed on visual property inspections, as frequently as time and resources permit, to determine if the rehabilitation funds were expended to provide quality rehabilitation at reasonable costs. If the expenditure of funds for rehabilitation is not reflected in the work accomplished, then the reviewer needs to determine causes for any

discrepancies and discuss them with the program participant. Suspicious circumstances should be referred to the Regional Inspector General, consistent with Departmental procedures.

It is recommended that HUD reviewers inspect a minimum of *five* properties when the program participant's annual rehabilitation program budget equals \$500,000 or more, or a minimum of *three* properties when the program participant's annual rehabilitation program budget is less than \$500,000.

Please note that substandard but suitable for rehabilitation is defined by the program participant in its Consolidated Plan and includes, as a minimum, those units that do not meet Section 8 Existing Housing Quality Standards. The term "standard" refers to units that do not meet the local definition of substandard. [See 24 CFR 91.205(b).]

On-site property inspections must be scheduled with advance notice to the owner/occupant. The program participant shall contact the owners/occupants involved to schedule an inspection. The owner or a representative of the owner and a program participant representative should be present, especially for inspection of property interiors. In the event it is not possible to inspect all the properties selected, HUD reviewers may select additional files for the purpose of property inspections only. To carry out the inspection, HUD reviewers should:

- a. Review documentation of substandard conditions, such as the initial property inspections, or equivalent;
- b. Review the work write-up and cost estimates, or the rehabilitation contract (or equivalent steps for documenting the work performed or to be performed);
- c. Review the final inspection (certificates, or equivalent documentation, if any);
- d. Review the actual work accomplished in comparison with the items established in the rehabilitation contract and the actual expenditures per item to the extent discernible; and
- e. Cover all aspects of the construction as set forth in the work write-up.

## **Questions**

### **A. ELIGIBILITY**

1.

a. How is this activity classified in the Consolidated Plan Annual Action Plan or the Integrated Disbursements and Information System (IDIS)?
<b>Describe Basis for Conclusion:</b>

b. Does the project file for the CDBG assistance provide a full description sufficient to show that the activity is eligible and has been properly classified under Subpart C of Part 570? [24 CFR 570.506(a)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Describe Basis for Conclusion:</b>		

B. NATIONAL OBJECTIVE

2.

Which national objective is this activity intended to meet? <input type="checkbox"/> Housing activities [24 CFR 570.208(a)(3)] <input type="checkbox"/> Activities to address slums or blights on an area basis ([24 CFR 570.208(b)(1)] <input type="checkbox"/> Activities to address slums or blight on a spot basis [24 CFR 570.208(b)(2)]
<b>Describe Basis for Conclusion:</b>

3.

a. If the activity was designed to benefit low- and moderate-income households, what definition of income did the program participant use (Section 8, Census long form, adjusted gross income)?
<b>Describe Basis for Conclusion:</b>

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CDBG Entitlement Program

b. If the low- and moderate-income national objective for housing applies to this activity, is there documentation that shows that the applicant is low- and moderate-income, based on the applicant's household size and household income? [24 CFR 570.208(b)(3) and 24 CFR 570.506(b)(4)(iii)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
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**Describe Basis for Conclusion:**

c. For an activity determined to benefit low- and moderate-income households, were the correct <u>income limits applied</u> at the <u>point in time</u> when the benefit was determined? [24 CFR 570.506(b)(1) and 24 CFR 570.506(b)(4)(iii)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
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**Describe Basis for Conclusion:**

4.

Where less than 51 percent of the units in a structure will be occupied by low- and moderate-income households, are there records demonstrating that the activity meets the criteria as set forth at 570.208(a)(3), (3)(i), and/or 570.208(d)? [24 CFR 570.506(b)(4)(vi)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
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**Describe Basis for Conclusion:**

5.

For each property acquired for the purpose of providing or improving housing and on which there are no structures, is there evidence of commitments ensuring that the criteria in 570.208(a)(3) will be met when the structures are built? [24 CFR 570.506(b)(4)(v)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			

C. REHABILITATION OF MULTI-FAMILY HOUSING

6.

a. Is there a copy of a written agreement between the program participant/subrecipient and the landlord or developer receiving CDBG assistance? [24 CFR 570.506(b)(4)(i)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			

  

b. If the answer to “a” above is “yes,” does the agreement include the total number of dwelling units in each multifamily structure assisted and the number of units that will be occupied by low-and moderate-income households upon completion? (Include the numbers below.) [24 CFR 570.506(b)(4)(i)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			

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c. Is there file documentation that shows the total cost of the activity, including both CDBG and non-CDBG funds? (Include in your response below the CDBG funds, the non-CDBG funds, and the total.) [24 CFR 570.506(b)(4)(ii)]	<input type="checkbox"/> <b>Yes</b>	<input type="checkbox"/> <b>No</b>	<input type="checkbox"/> <b>N/A</b>
<b>Describe Basis for Conclusion:</b> <div style="height: 100px; border: 1px solid black;"></div>			

**D. REHABILITATION OF RENTAL HOUSING**

7.

Is there documentation showing the rent charged (or to be charged) after completion, for each CDBG-assisted dwelling unit in each structure? [24 CFR 570.506(b)(4)(iv)(A)]	<input type="checkbox"/> <b>Yes</b>	<input type="checkbox"/> <b>No</b>	<input type="checkbox"/> <b>N/A</b>
<b>Describe Basis for Conclusion:</b> <div style="height: 100px; border: 1px solid black;"></div>			

8.

Is there documentation showing the affordability of the assisted units (occupied or to be occupied) by low- and moderate-income households, pursuant to criteria established and made public by the program participant? [24 CFR 570.506(b)(4)(iv)(B)]	<input type="checkbox"/> <b>Yes</b>	<input type="checkbox"/> <b>No</b>	<input type="checkbox"/> <b>N/A</b>
<b>Describe Basis for Conclusion:</b> <div style="height: 100px; border: 1px solid black;"></div>			

E. PROPERTY INSPECTION

9.

Is there a copy of an initial inspection in the file?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

10.

Does the file contain a Work Write-Up and Cost Estimate that addresses the issues raised in the initial inspection?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

F. REHABILITATION MANAGEMENT

11.

If a loan was made to the owner, is there a copy of a promissory note or loan agreement signed by the owner in a properly secured file?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

12.

a. Is there a construction contract or equivalent document in the file?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

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CDBG Entitlement Program

b. If “yes” to “a” above, does the contract contain either: (i) a list of all of the work to be performed, or (ii) refer to some other document (e.g., a work write-up) that lists all of the work to be performed?	<input style="width: 30px; height: 20px;" type="checkbox"/> <b>Yes</b>	<input style="width: 30px; height: 20px;" type="checkbox"/> <b>No</b>
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**Describe Basis for Conclusion:**

c. Does the contract include the cost of the work to be performed and, if so, does the cost appear reasonable for the kind of work to be performed? (If “no,” describe what you found.)	<input style="width: 30px; height: 20px;" type="checkbox"/> <b>Yes</b>	<input style="width: 30px; height: 20px;" type="checkbox"/> <b>No</b>
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**Describe Basis for Conclusion:**

d. Does the contract name all of the contractors and/or subcontractors responsible for performing each item of work?	<input style="width: 30px; height: 20px;" type="checkbox"/> <b>Yes</b>	<input style="width: 30px; height: 20px;" type="checkbox"/> <b>No</b>
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**Describe Basis for Conclusion:**

e. Is there documentation to show that the program participant cleared all contractors (general and subcontractors) through the HUD listing for debarred and suspended participants? [24 CFR 570.506 and 85.3]	<input style="width: 30px; height: 20px;" type="checkbox"/> <b>Yes</b>	<input style="width: 30px; height: 20px;" type="checkbox"/> <b>No</b>
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**Describe Basis for Conclusion:**



13.

Is a pre-construction conference held with the contract parties?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

14.

Is there a copy of a written "Notice to Proceed" to the contractor in the file?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

15.

a. Was there a local building permit taken out for the job?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

  

b. If a permit was taken out, did the building official sign off on the permit, indicating that the work was completed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

16.

Is there documentation of routine progress inspections?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

17.

Is the work inspected prior to paying the contractor?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

18.

a. Is the actual cost of the work components documented?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

b. Did the owner or the owner's authorized representative approve each payment?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

19.

Are payment disbursement records maintained?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

20.

a. Are change orders documented and approved by the owner?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

b. Does the scope and cost of change order work appear reasonable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

21.

Is there documentation of a final inspection of the work by program participant staff?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

22.

Has a formal Notice of Completion been recorded? (This notice sets a time limit for filing any mechanic's liens against the property, if applicable.)	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

23.

Is there documentation to show the contractor provided the appropriate lien releases?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

24.

[OS] a. Does the work appear to correct the deficiencies noted in the initial inspection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

[OS] b. Does a walk-through inspection indicate that all items were completed as specified in the Work Write-Up?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

25.

a. Was the owner, the owner's representative, or property manager, satisfied with the work? (NOTE: The owner, representative, or manager should be provided an opportunity to be interviewed with only HUD personnel present.)	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

b. Is there evidence that the owner received contractor and equipment warranties?	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

G. REHABILITATION PROCESSING PROCEDURES

26.

What is the date of the initial application for rehabilitation assistance?
<b>Describe Basis for Conclusion:</b>

27.

What date was the application either approved or denied?
<b>Describe Basis for Conclusion:</b>

28.

If the application for rehabilitation assistance was approved, what date did the rehabilitation work begin?
<b>Describe Basis for Conclusion:</b>

29.

If the rehabilitation was approved, what date was the rehabilitation completed and final payment to the contractor made?
<b>Describe Basis for Conclusion:</b>

30.

Is there any indication that the rehabilitation processing time for this activity was excessive and not due to extenuating circumstances or circumstances beyond the control of the program participant?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Describe Basis for Conclusion:</b>		

H. OTHER REQUIREMENTS

31.

Is there documentation to support compliance with the Lead Hazards requirements of 24 CFR Part 35? (Use appropriate Exhibits in Chapter 24 to answer this question.) [24 CFR 570.608]	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Describe Basis for Conclusion:</b>		

32.

If CDBG funds were used in a project involving the rehabilitation, acquisition, or demolition of the property, and if any tenants or owners were required to relocate permanently or temporarily, were the applicable relocation requirements followed [e.g., the Uniform Relocation Act (URA), Section 104(d)]? (If needed, refer to your Regional Relocation Specialist for assistance with this question.) [24 CFR 570.606, 49 CFR 24, and 24 CFR 42]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			

33.

Were the environmental requirements at Part 58 met? (Use the applicable Exhibit(s) in Chapter 21 to answer this question.)	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

34.

If applicable, were Davis-Bacon requirements met? (Use the appropriate question(s) in Chapter 23 to answer this question.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			